

BEFORE THE  
POSTAL RATE COMMISSION

RECEIVED  
DEC 13 11 11 AM '98

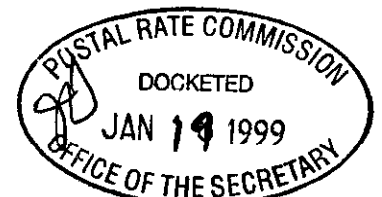
INTERNATIONAL COSTS AND  
REVENUES

DOCKET NO.

PETITION OF UNITED PARCEL SERVICE TO  
INSTITUTE RULEMAKING PROCEEDING TO  
STUDY INTERNATIONAL COSTS AND REVENUES  
(December 16, 1998)

United Parcel Service ("UPS") hereby petitions the Commission to institute a rulemaking proceeding to determine the data to be provided by the United States Postal Service and the methods to be used by the Commission in the Commission's analysis of the costs, revenues, and volumes for each international mail product or service, required by Section 3663 of the Postal Reorganization Act, 39 U.S.C. § 3663, and in support thereof states as follows:

1. UPS provides package and expedited document delivery services in competition with the Postal Service, both throughout the United States and internationally via ground and air operations.
2. As a result, UPS is vitally interested in ensuring that the Postal Service competes fairly in providing those services with which UPS competes. In particular, UPS has an important stake in ensuring that the Postal Service does not subsidize its competitive service offerings, including its competitive international service offerings, with revenues derived from other postal services.



3. Pursuant to 39 U.S.C. § 3663, by July 1 of each year the Commission is required to "transmit to each House of Congress a comprehensive report of the costs, revenues, and volumes" of the Postal Service "in connection with mail matter conveyed between the United States and other countries" for the prior fiscal year.

4. In order to enable the Commission to prepare its report, the Postal Service is required to provide the Commission with "such data as the Commission may require." 39 U.S.C. § 3663(b).

5. The information to be provided by the Postal Service must be provided "in sufficient detail to enable the Commission to analyze the costs, revenues, and volumes for each international mail product or service." *Id.*

6. To UPS's knowledge, the Commission has not previously analyzed the costs, revenues, and volumes of each of the Postal Service's international mail products or services.

7. As a result of the novelty of the undertaking facing the Commission, UPS respectfully submits that compliance with Section 3663 can be best ensured by providing a sufficient opportunity for interested members of the public and for the Commission's Office of the Consumer Advocate to aid the Commission in its analysis by suggesting the nature of (1) the cost and other information necessary to analyze properly each of the Postal Service's international mail products and services, and (2) the methods to be used by the Commission in determining the costs properly allocable to each of those products and services.

8. Furthermore, the participation by interested parties in a rulemaking proceeding to establish the information to be supplied by the Postal Service and the methods to be used by the Commission would promote the development of sound costing and ratemaking principles for international postal services and thereby achieve the purpose and intent of Section 3663.

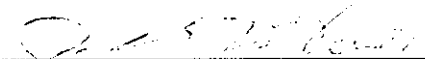
9. A recent report by the General Accounting Office indicates that a number of the Postal Service's competitive international products and services are being

provided by the Postal Service at a loss and are therefore being subsidized by mailers of other postal services. See Report on New Postal Products, GAO/GGD-99-15 (November 24, 1998), at 19, 44-47.

10. As a result, participation by interested parties in this novel undertaking is especially important in order to ensure that the Commission has the benefit of as many views as is possible concerning the proper application of sound postal costing and ratemaking principles to the Postal Service's international products and services.

WHEREFORE, United Parcel Service respectfully requests that the Commission institute a rulemaking proceeding for the purposes of determining (1) the data to be provided to the Commission by the United States Postal Service and (2) the methods to be used by the Commission, in analyzing the costs, revenues, and volumes of each international mail product and service as required by 39 U.S.C. § 3663.

Respectfully submitted,

  
\_\_\_\_\_  
John E. McKeever  
Nicole P. Kangas  
Attorneys for United Parcel Service

PIPER & MARBURY L.L.P.  
3400 Two Logan Square  
18th and Arch Streets  
Philadelphia, PA 19103  
(215) 656-3300  
and  
1200 19th Street, N.W.  
Washington, DC 20036  
(202) 861-3900

Of Counsel

Dated: December 16, 1998

/43802

CERTIFICATE OF SERVICE

I hereby certify that on this date I have caused the foregoing document to be served on the United States Postal Service by first class mail, postage prepaid, in accordance with Section 12 of the Rules of Practice.

Nicole P. Kangas  
Nicole P. Kangas

Dated: December 16, 1998  
Philadelphia, PA